



THE OPTIONS CLEARING CORPORATION

#24672

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DATE: JULY 22, 2008

SUBJECT: ISHARES FTSE/XINHUA INDEX FUND – 3 FOR 1 STOCK SPLIT
OPTION SYMBOLS: FXI/KZY/IKI/FHL/FJJ/YOF/FNQ/FVU/FFP/
FAH
EX-DATE: JULY 24, 2008

The contract adjustment described below utilizes the *new method of contract adjustment* wherein strike prices, number of contracts, and premium/strike multipliers are *unchanged* for certain kinds of stock splits and stock dividends (See OCC Information Memo 23484.) It is important that option investors be aware that it will be necessary to *calculate* the current market value of the adjusted option deliverable to correctly determine the option's in-the-money status. See "Pricing" and "Important Trading Considerations" below.

CONTRACT ADJUSTMENT

The Chicago Board Options Exchange ("CBOE"), the American Stock Exchange ("AMEX"), the Philadelphia Stock Exchange ("PHLX"), the NYSE Arca Exchange ("ARCX"), the International Securities Exchange ("ISE"), the Boston Options Exchange ("BOX"), and NASDAQ Options Market ("NSDQ") have advised The Options Clearing Corporation ("OCC") that the iShares FTSE/Xinhua Index Fund ("FXI") has announced a 3 for 1 Stock Split. The ex-distribution date is Thursday, July 24, 2008. The payable date is July 23, 2008. The record date is July 21, 2008.

Pursuant to Article VI, Section 11, of OCC's By-Laws, all iShares FTSE/Xinhua Index Fund ("FXI") options will be adjusted as follows

Effective Date: Effective the opening of business July 24, 2008 and thereafter

Option Symbols: FXI changes to FKU
IKI changes to FRV
FHL changes to FOJ
FJJ changes to FUY
FNQ changes to FZR
FVU changes to FZC
FFP changes to FWY
FAH changes to FVK
YOF changes to LMR
KZY changes to KEK

Number of Contracts: **Unchanged**

Strike Prices	Unchanged
Multiplier:	100 (e.g., for premium or strike dollar extensions 1.00 will equal \$100.00)
New Deliverable Per Contract:	300 iShares FTSE/Xinhua Index Fund ("FXI") Fund Shares
CUSIP:	464287184

PRICING

The underlying price for FXI options must be **calculated**, as follows:

$$\text{FKU} = 3.00 (\text{FXI})$$

For example, if FXI closes at 45.33, the FKU underlying price would be calculated as follows:

$$\text{FKU} = 3 (45.33) = 135.99$$

Accordingly:

At expiration, a FKU Call 135 would be 0.99 (or $\$0.99 \times 100 = \99.00) ***in-the-money***. With the current ex-by-ex threshold of .01 applied, this option would be exercised.

An exercise of a FKU Call 135 would yield \$13,500 in aggregate strike amount.

A premium bid of 0.99 would represent \$99.00.

IMPORTANT TRADING CONSIDERATIONS

This contract adjustment applies the new method of adjustment wherein strike prices, number of contracts, and premium/strike multipliers are unchanged for certain kinds of stock splits and stock dividends (See OCC Information Memo 23484.) **With this new method of adjustment, it is no longer possible to determine if an adjusted option is in- or out-of-the-money by simply comparing the stock price to the option strike price. When the new method is used, the stock price must always be adjusted by the appropriate factor(s) in order to correctly determine in-the-money amounts or premiums. Option investors must be aware of the number of shares (and possible cash amounts) in the deliverable and the fact that the multiplier used for premium and strike dollar extensions remains unchanged.**

CATEGORY: CONTRACT ADJUSTMENTS
SUB-CATEGORY: STOCK SPLIT

For questions regarding this memo, call 1-888-OPTIONS or email options@theocc.com.